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TSX Symbol: CAX

Candax Signs Investment Agreements for \$11 Million Private Placement

January 16, 2012 - Toronto, Ontario, Canada – Candax Energy Inc. (“Candax”) [TSX: CAX] is pleased to announce that it has entered into various investment agreements to raise an aggregate of \$11,790,000 on a private placement basis, of which \$9,790,000 is being invested by International Finance Corporation (“IFC”) a member of the World Bank Group and \$2,000,000 is being invested by Candax directors and senior management. The private placement which was announced by Candax on November 17, 2011 will involve the issuance of up to 214,363,636 units (the “Units”) of which: (i) 178,000,000 Units will be issued to IFC (the “IFC Private Placement”); and (ii) 36,363,636 Units, in aggregate, will be issued to Benoit Debray, John Younger, Pascal Mirville, Pierre-Henri Boutant, Stephen Drinkwater, Dominique Didier, M’hamed Ali Bouleymen and Jamil Hamza, each a member of the senior management team at Candax with the exception of M’hamed Ali Bouleymen and Stephen Drinkwater who are non-executive directors of Candax (the “Management Private Placement” and together with the IFC Private Placement, the “Private Placement”).

Each Unit will be issued at a subscription price of \$0.055, and will be comprised of one common share of Candax (the “Common Shares”) and one Common Share purchase warrant (a “Warrant”). Each Warrant will entitle the holder thereof to purchase one Common Share for an exercise price of \$0.08 at any time during the 36 months following the closing date of the Private Placement. The Warrants issuable to IFC will be subject to a right of first refusal by Geofinance N.V. (“Geofinance”), the largest holder of Common Shares and also to the right of Candax to accelerate expiry of the Warrants. If all the Warrants issued pursuant to the Private Placement are exercised, such exercise would result in additional funds of over \$17,149,000 to Candax.

Benoit Debray, Chairman and Chief Executive Officer of Candax stated, “The large investment by IFC in Candax demonstrates the appeal of Candax and its future prospects. The proceeds of this subscription and the subscriptions of certain members of senior management and a non-executive director of Candax provide Candax with additional working capital to advance its projects in Tunisia, notably, the development of its Robbana field and for general corporate purposes.”

The subscription agreement between Candax and IFC with respect to the IFC Private Placement contains standard representations and warranties, along with certain covenants with respect to good corporate governance practices and meeting certain of IFC’s environmental, social and safety standards in the ongoing and future development of projects of Candax. Such subscription agreement also provides IFC with certain pre-emptive rights. In connection with the IFC Private Placement, Candax, IFC and Geofinance will enter into a shareholders’ agreement which will contain a right of IFC to put the securities it holds in Candax to Geofinance in the event of a material breach of either the subscription agreement or the shareholders agreement; a non-compete covenant between Geofinance and Candax on behalf of Geofinance and its affiliates in Tunisia, Morocco, Turkey and Egypt, and a tag along right in favour of IFC in the event that Geofinance transfers any Common Shares. Each of the subscription agreements between Candax and the individual investors under the Management Private Placement contains standard representations, warranties and covenants. The foregoing summary is qualified by reference to the full text of such agreements, available under the corporate profile of Candax on SEDAR at www.sedar.com.



The rules of the Toronto Stock Exchange (the "TSX") require approval of the IFC Private Placement on a disinterested basis, not including votes of Geofinance and certain individuals participating in the Management Private Placement based on such individual's current holdings of Common Shares. Accordingly, a special meeting of Candax shareholders is expected to take place on Friday, February 17, 2012 to approve the Private Placement. The TSX has provided conditional approval with respect to the listing of the Common Shares issuable pursuant to the Private Placement (including the Common Shares issuable pursuant to the proper exercise of the Warrants).

Closing of the Private Placement is subject to a number of customary conditions, including obtaining the approval of Candax shareholders, final approval of the TSX and certain other items including receipt by Candax of the formal documentation from the Government of Tunisia that extends the El Bibane license until December 31, 2023. If all conditions are met, closing is expected to occur mid to late February 2012.

About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. IFC helps developing countries achieve sustainable growth by financing investment, providing advisory services to businesses and governments, and mobilizing capital in the international financial markets. In fiscal 2011, amid economic uncertainty across the globe, IFC helped clients create jobs, strengthen environmental performance, and contribute to their local communities—all while driving the investments to an all-time high of nearly \$19 billion. For more information, visit www.ifc.org.

About Candax

Candax is an international energy company with its head office in Toronto and offices in Tunis and Madagascar. The Candax group is engaged in exploration and the production of oil and gas in Tunisia and holds an interest in an exploration permit in Madagascar.

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This news release includes "forward looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the ability of Candax to continue to service its debt; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Candax to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Candax to fund the capital and operating expenses necessary to achieve the business objectives of Candax, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Candax. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Candax should not place undue reliance on these forward-looking statements.